

Union Calendar No. 99

118TH CONGRESS
1ST SESSION

H. R. 3938

[Report No. 118-127]

To amend the Internal Revenue Code of 1986 to encourage economic growth.

IN THE HOUSE OF REPRESENTATIVES

JUNE 9, 2023

Mr. SMITH of Missouri introduced the following bill; which was referred to the
Committee on Ways and Means

JUNE 30, 2023

Reported with an amendment, committed to the Committee of the Whole
House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on June 9, 2023]

A BILL

To amend the Internal Revenue Code of 1986 to encourage economic growth.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS, ETC.**

4 (a) *SHORT TITLE.*—*This Act may be cited as the*
 5 *“Build It in America Act”.*

6 (b) *AMENDMENT OF 1986 CODE.*—*Except as otherwise*
 7 *expressly provided, whenever in this Act an amendment or*
 8 *repeal is expressed in terms of an amendment to, or repeal*
 9 *of, a section or other provision, the reference shall be consid-*
 10 *ered to be made to a section or other provision of the Inter-*
 11 *nal Revenue Code of 1986.*

12 (c) *TABLE OF CONTENTS.*—*The table of contents for*
 13 *this Act is as follows:*

Sec. 1. Short title; table of contents, etc.

TITLE I—INVESTMENT IN AMERICA

Sec. 101. Deduction for research and experimental expenditures.

Sec. 102. Extension of allowance for depreciation, amortization, or depletion in determining the limitation on business interest.

Sec. 103. Extension of 100 percent bonus depreciation.

TITLE II—SUPPLY CHAIN SECURITY

Sec. 201. Termination of Hazardous Substance Superfund financing rate.

Sec. 202. Election to determine foreign income taxes paid or accrued to certain Western Hemisphere countries without regard to certain regulations.

Sec. 203. Imposition of tax on the acquisition of United States agricultural interests by disqualified persons.

TITLE III—REPEAL OF SPECIAL INTEREST TAX PROVISIONS

Sec. 301. Repeal of clean electricity production credit.

Sec. 302. Repeal of clean electricity investment credit.

Sec. 303. Modification of clean vehicle credit.

Sec. 304. Repeal of credit for previously-owned clean vehicles.

Sec. 305. Repeal of credit for qualified commercial clean vehicles.

1 **TITLE I—INVESTMENT IN**
2 **AMERICA**

3 **SEC. 101. DEDUCTION FOR RESEARCH AND EXPERIMENTAL**
4 **EXPENDITURES.**

5 (a) *DELAY OF AMORTIZATION OF RESEARCH AND EX-*
6 *PERIMENTAL EXPENDITURES.*—Section 174 is amended by
7 *adding at the end the following new subsection:*

8 “(e) *SUSPENSION OF APPLICATION.*—This section shall
9 *apply to amounts paid or incurred in taxable years begin-*
10 *ning after December 31, 2025 (and shall not apply to*
11 *amounts paid or incurred in taxable years beginning on*
12 *or before such date).”.*

13 (b) *REINSTATEMENT OF EXPENSING FOR RESEARCH*
14 *AND EXPERIMENTAL EXPENDITURES.*—Part VI of sub-
15 *chapter B of chapter 1 is amended by inserting after section*
16 *174 the following new section:*

17 **“SEC. 174A. TEMPORARY RULES FOR RESEARCH AND EX-**
18 **PERIMENTAL EXPENDITURES.**

19 “(a) *TREATMENT AS EXPENSES.*—Notwithstanding
20 *section 263, there shall be allowed as a deduction any re-*
21 *search or experimental expenditures which are paid or in-*
22 *curred by the taxpayer during the taxable year in connec-*
23 *tion with the taxpayer’s trade or business.*

24 “(b) *AMORTIZATION OF CERTAIN RESEARCH AND EX-*
25 *PERIMENTAL EXPENDITURES.*—

1 “(1) *IN GENERAL.*—*At the election of the tax-*
2 *payer, made in accordance with regulations or other*
3 *guidance provided by the Secretary, research or exper-*
4 *imental expenditures which—*

5 “(A) *are paid or incurred by the taxpayer*
6 *in connection with his trade or business, and*

7 “(B) *would (but for subsection (a)) be*
8 *chargeable to capital account but not chargeable*
9 *to property of a character which is subject to the*
10 *allowance under section 167 (relating to allow-*
11 *ance for depreciation, etc.) or section 611 (relat-*
12 *ing to allowance for depletion),*

13 *may be treated as deferred expenses to which sub-*
14 *section (a) does not apply. In computing taxable in-*
15 *come, such deferred expenses shall be allowed as a de-*
16 *duction ratably over such period of not less than 60*
17 *months as may be selected by the taxpayer (beginning*
18 *with the month in which the taxpayer first realizes*
19 *benefits from such expenditures). Such deferred ex-*
20 *penditures are expenditures properly chargeable to capital*
21 *account for purposes of section 1016(a)(1) (relating to*
22 *adjustments to basis of property).*

23 “(2) *TIME FOR AND SCOPE OF ELECTION.*—*The*
24 *election provided by paragraph (1) may be made for*
25 *any taxable year, but only if made not later than the*

1 *time prescribed by law for filing the return for such*
2 *taxable year (including extensions thereof). The meth-*
3 *od so elected, and the period selected by the taxpayer,*
4 *shall be adhered to in computing taxable income for*
5 *the taxable year for which the election is made and*
6 *for all subsequent taxable years unless, with the ap-*
7 *proval of the Secretary, a change to a different meth-*
8 *od (or to a different period) is authorized with respect*
9 *to part or all of such expenditures. The election shall*
10 *not apply to any expenditure paid or incurred during*
11 *any taxable year before the taxable year for which the*
12 *taxpayer makes the election.*

13 “(c) *ELECTION TO CAPITALIZE EXPENSES.*—*In the*
14 *case of a taxpayer which elects (at such time and in such*
15 *manner as the Secretary may provide) the application of*
16 *this subsection, subsections (a) and (b) shall not apply.*
17 *Such election shall not apply to any expenditure paid or*
18 *incurred during any taxable year before the taxable year*
19 *for which the taxpayer makes the election and may be made*
20 *with respect to part of the expenditures paid or incurred*
21 *during any taxable year only with the approval of the Sec-*
22 *retary.*

23 “(d) *LAND AND OTHER PROPERTY.*—*This section shall*
24 *not apply to any expenditure for the acquisition or im-*
25 *provement of land, or for the acquisition or improvement*

1 of property to be used in connection with the research or
2 experimentation and of a character which is subject to the
3 allowance under section 167 (relating to allowance for de-
4 preciation, etc.) or section 611 (relating to allowance for
5 depletion); but for purposes of this section allowances under
6 section 167, and allowances under section 611, shall be con-
7 sidered as expenditures.

8 “(e) *EXPLORATION EXPENDITURES.*—This section
9 shall not apply to any expenditure paid or incurred for
10 the purpose of ascertaining the existence, location, extent,
11 or quality of any deposit of ore or other mineral (including
12 oil and gas).

13 “(f) *SOFTWARE DEVELOPMENT.*—For purposes of this
14 section, any amount paid or incurred in connection with
15 the development of any software shall be treated as a re-
16 search or experimental expenditure.

17 “(g) *ONLY REASONABLE RESEARCH EXPENDITURES*
18 *ELIGIBLE.*—This section shall apply to a research or exper-
19 imental expenditure only to the extent that the amount
20 thereof is reasonable under the circumstances.

21 “(h) *COORDINATION WITH RESEARCH CREDIT.*—

22 “(1) *IN GENERAL.*—Section 41(d)(1)(A) shall be
23 applied by substituting ‘expenses under section 174A’
24 for ‘specified research or experimental expenditures
25 under section 174’.

1 “(2) *DENIAL OF DOUBLE BENEFIT.*—

2 “(A) *IN GENERAL.*—Section 280C(c) shall
3 *not apply and the amount taken into account*
4 *under this section as research or experimental*
5 *expenditures shall be reduced by the amount of*
6 *the credit allowable under section 41(a).*

7 “(B) *ELECTION OF REDUCED CREDIT.*—

8 “(i) *IN GENERAL.*—*In the case of any*
9 *taxable year for which an election is made*
10 *under this subparagraph—*

11 “(I) *subparagraph (A) shall not*
12 *apply, and*

13 “(II) *the amount of the credit*
14 *under section 41(a) shall be the*
15 *amount determined under clause (ii).*

16 “(ii) *AMOUNT OF REDUCED CREDIT.*—
17 *The amount of credit determined under this*
18 *clause for any taxable year shall be the*
19 *amount equal to the excess of—*

20 “(I) *the amount of credit deter-*
21 *mined under section 41(a) without re-*
22 *gard to this subparagraph, over*

23 “(II) *the product of the amount*
24 *described in subclause (I), multiplied*
25 *by the rate of tax under section 11(b).*

1 “(iii) *ELECTION.*—*An election under*
2 *this subparagraph for any taxable year*
3 *shall be made not later than the time for fil-*
4 *ing the return of tax for such year (includ-*
5 *ing extensions), shall be made on such re-*
6 *turn, and shall be made in such manner as*
7 *the Secretary may prescribe. Such an elec-*
8 *tion, once made, shall be irrevocable.*

9 “(C) *CONTROLLED GROUPS.*—*Paragraph*
10 *(3) of section 280C(b) shall apply for purposes of*
11 *this paragraph.*

12 “(i) *COORDINATION WITH LONG-TERM CONTRACT*
13 *RULES.*—*For purposes of determining percentage of com-*
14 *pletion under section 460(b)(1)(A), any research or experi-*
15 *mental expenditures paid or incurred by the taxpayer in*
16 *connection with the taxpayer’s trade or business shall be*
17 *taken into account as a cost allocated to the contract for*
18 *the taxable year in which so paid or incurred.*

19 “(j) *COORDINATION WITH CERTAIN OTHER PROVI-*
20 *SIONS.*—*A reference to the corresponding provision of this*
21 *section shall be treated as included in any reference to sec-*
22 *tion 174 in section 56(b), 59(e), 144(a), 168(i), 170(e),*
23 *195(c), 263(a), 263A(c), 469(c), 543(d), 864(g), 993(d),*
24 *1016(a)(14), 1202(a), or 1298(e).*

25 “(k) *TERMINATION.*—

1 “(1) *IN GENERAL.*—*This section shall not apply*
2 *to amounts paid or incurred in taxable years begin-*
3 *ning after December 31, 2025.*

4 “(2) *CHANGE IN METHOD OF ACCOUNTING.*—
5 *Paragraph (1) (and the corresponding application of*
6 *section 174) shall be treated as a change in method*
7 *of accounting for purposes of section 481 and—*

8 “(A) *such change shall be treated as initi-*
9 *ated by the taxpayer,*

10 “(B) *such change shall be treated as made*
11 *with the consent of the Secretary, and*

12 “(C) *such change shall be applied only on*
13 *a cut-off basis for any research or experimental*
14 *expenditures paid or incurred in taxable years*
15 *beginning after December 31, 2025, and no ad-*
16 *justment under section 481(a) shall be made.”.*

17 “(c) *COORDINATION OF AMORTIZATION WITH CERTAIN*
18 *OTHER PROVISIONS.*—*Section 174, as amended by sub-*
19 *section (a), is amended by redesignating subsection (e) as*
20 *subsection (f) and by inserting after subsection (d) the fol-*
21 *lowing new subsection:*

22 “(e) *COORDINATION WITH CERTAIN OTHER PROVI-*
23 *SIONS.*—

24 “(1) *COORDINATION WITH ALTERNATIVE MIN-*
25 *IMUM TAX.*—*Sections 56(b)(2) and 59(e)(2)(B) shall*

1 *not apply to specified research or experimental ex-*
2 *penditures to which this section applies.*

3 “(2) *COORDINATION WITH BASIS ADJUSTMENT*
4 *RULES.—Section 1016(a)(14) shall be applied by sub-*
5 *stituting ‘an amortization deduction under section*
6 *174(a)’ for ‘deductions as deferred expenses under sec-*
7 *tion 174(b)(1)’.*

8 “(3) *COORDINATION WITH LONG-TERM CONTRACT*
9 *RULES.—For purposes of determining percentage of*
10 *completion under section 460(b)(1)(A), the amortiza-*
11 *tion deduction under subsection (a) shall be taken*
12 *into account as a cost allocated to the contract.”.*

13 *(d) CONFORMING AMENDMENTS.—*

14 *(1) Section 13206 of Public Law 115-97 is*
15 *amended by striking subsection (b) (relating to*
16 *change in method of accounting).*

17 *(2) The table of sections for part VI of sub-*
18 *chapter B of chapter 1 is amended by inserting after*
19 *the item relating to section 174 the following new*
20 *item:*

“Sec. 174A. Temporary rules for research and experimental expenditures.”.

21 *(e) EFFECTIVE DATE.—*

22 *(1) IN GENERAL.—Except as otherwise provided*
23 *in this subsection, the amendments made by this sec-*
24 *tion shall apply to amounts paid or incurred in tax-*
25 *able years beginning after December 31, 2021.*

1 (2) *REPEAL OF SUPERCEDED CHANGE IN METH-*
2 *OD OF ACCOUNTING RULES.—The amendment made*
3 *by subsection (d)(1) shall take effect as if included in*
4 *Public Law 115-97.*

5 *(f) TRANSITION RULES.—*

6 (1) *ELECTION REGARDING TREATMENT AS*
7 *CHANGE IN METHOD OF ACCOUNTING.—In the case of*
8 *any taxpayer which (as of the date of the enactment*
9 *of this Act) had adopted a method of accounting pro-*
10 *vided by section 174 of the Internal Revenue Code of*
11 *1986 (as in effect prior to the amendments made by*
12 *this section) for the taxpayer’s first taxable year be-*
13 *ginning after December 31, 2021, and elects the ap-*
14 *plication of this paragraph—*

15 (A) *the amendments made by this section*
16 *shall be treated as a change in method of ac-*
17 *counting for purposes of section 481 of such*
18 *Code,*

19 (B) *such change shall be treated as initiated*
20 *by the taxpayer for the taxpayer’s immediately*
21 *succeeding taxable year,*

22 (C) *such change shall be treated as made*
23 *with the consent of the Secretary, and*

24 (D) *such change shall be applied on a modi-*
25 *fied cut-off basis, taking into account for pur-*

1 poses of section 481(a) of such Code only the cap-
2 italized expenditures which were not allowed as
3 an amortization deduction by reason of section
4 174 prior to amendment by this Act for the tax-
5 payer's first taxable year beginning after Decem-
6 ber 31, 2021.

7 (2) *ELECTION REGARDING 10-YEAR WRITEOFF.*—

8 (A) *IN GENERAL.*—An eligible taxpayer
9 which files, during the 1-year period beginning
10 on the date of the enactment of this Act, an
11 amended income tax return for the taxable year
12 described in subparagraph (B)(ii) may elect the
13 application of section 59(e) of the Internal Rev-
14 enue Code of 1986 with respect to qualified ex-
15 penditures described in section 59(e)(2)(B) of
16 such Code with respect to such taxable year.
17 Such election shall be filed with such amended
18 income tax return and shall be effective only to
19 the extent that such election would have been ef-
20 fective if filed with the original income tax re-
21 turn for such taxable year.

22 (B) *ELIGIBLE TAXPAYER.*—For purposes of
23 subparagraph (A), the term “eligible taxpayer”
24 means any taxpayer which—

1 (i) does not elect the application of
2 paragraph (1), and

3 (ii) filed an income tax return for such
4 taxpayer's first taxable year beginning after
5 December 31, 2021, before the earlier of—

6 (I) the due date for such return,
7 and

8 (II) the date of the enactment of
9 this Act.

10 **SEC. 102. EXTENSION OF ALLOWANCE FOR DEPRECIATION,**
11 **AMORTIZATION, OR DEPLETION IN DETER-**
12 **MINING THE LIMITATION ON BUSINESS IN-**
13 **TEREST.**

14 (a) *IN GENERAL.*—Section 163(j)(8)(A)(v) is amended
15 by striking “January 1, 2022” and inserting “January 1,
16 2026”.

17 (b) *EFFECTIVE DATE.*—

18 (1) *IN GENERAL.*—Except as otherwise provided
19 in this subsection, the amendment made by this sec-
20 tion shall apply to taxable years beginning after De-
21 cember 31, 2022.

22 (2) *ELECTION TO APPLY EXTENSION RETRO-*
23 *ACTIVELY.*—In the case of a taxpayer which elects (at
24 such time and in such manner as the Secretary may
25 provide) the application of this paragraph, para-

1 *graph (1) shall be applied by substituting “December*
2 *31, 2021” for “December 31, 2022”.*

3 **SEC. 103. EXTENSION OF 100 PERCENT BONUS DEPRECIATION.**
4 **TION.**

5 *(a) IN GENERAL.—Section 168(k)(6)(A) is amended—*

6 *(1) in clause (i)—*

7 *(A) by striking “2023” and inserting*
8 *“2026”, and*

9 *(B) by adding “and” at the end, and*

10 *(2) by striking clauses (ii), (iii), and (iv), and*
11 *redesignating clause (v) as clause (ii).*

12 *(b) PROPERTY WITH LONGER PRODUCTION PERIODS.—Section 168(k)(6)(B) is amended—*

13 *(1) in clause (i)—*

14 *(A) by striking “2024” and inserting*
15 *“2027”, and*

16 *(B) by adding “and” at the end, and*

17 *(2) by striking clauses (ii), (iii), and (iv), and*
18 *redesignating clause (v) as clause (ii).*

19 *(c) PLANTS BEARING FRUITS AND NUTS.—Section*
20 *168(k)(6)(C) is amended—*

21 *(1) in clause (i)—*

22 *(A) by striking “2023” and inserting*
23 *“2026”, and*

24 *(B) by adding “and” at the end, and*
25

1 (2) *by striking clauses (ii), (iii), and (iv), and*
 2 *redesignating clause (v) as clause (ii).*

3 (d) *EFFECTIVE DATES.*—

4 (1) *IN GENERAL.*—*Except as otherwise provided*
 5 *in this subsection, the amendments made by this sec-*
 6 *tion shall apply to property placed in service after*
 7 *December 31, 2022.*

8 (2) *PLANTS BEARING FRUITS AND NUTS.*—*The*
 9 *amendments made by subsection (c) shall apply to*
 10 *specified plants planted or grafted after December 31,*
 11 *2022.*

12 **TITLE II—SUPPLY CHAIN**
 13 **SECURITY**

14 **SEC. 201. TERMINATION OF HAZARDOUS SUBSTANCE**
 15 **SUPERFUND FINANCING RATE.**

16 (a) *IN GENERAL.*—*Section 4611 (as amended by sec-*
 17 *tion 13601 of Public Law 117–169) is amended by inserting*
 18 *after subsection (d) the following new subsection:*

19 “(e) *APPLICATION OF HAZARDOUS SUBSTANCE*
 20 *SUPERFUND FINANCING RATE.*—*The Hazardous Substance*
 21 *Superfund financing rate under this section shall not apply*
 22 *after December 31, 2022.”.*

23 (b) *TERMINATION OF AUTHORITY FOR ADVANCES.*—
 24 *Section 9507(d)(3)(B) (as so amended) is amended—*

1 (1) by striking “December 31, 2032” and insert-
2 ing “the date of the enactment of the Build It in
3 America Act”, and

4 (2) by striking “on or before such date” and in-
5 serting “as soon as practicable thereafter”.

6 (c) *EFFECTIVE DATE.*—

7 (1) *IN GENERAL.*—The amendment made by sub-
8 section (a) shall take effect on January 1, 2023.

9 (2) *TERMINATION OF AUTHORITY FOR AD-*
10 *VANCES.*—The amendments made by subsection (b)
11 shall take effect on the date of the enactment of this
12 Act.

13 **SEC. 202. ELECTION TO DETERMINE FOREIGN INCOME**
14 **TAXES PAID OR ACCRUED TO CERTAIN WEST-**
15 **ERN HEMISPHERE COUNTRIES WITHOUT RE-**
16 **GARD TO CERTAIN REGULATIONS.**

17 (a) *ELECTION WITH RESPECT TO DETERMINING CER-*
18 *TAIN FOREIGN INCOME TAXES.*—In the case of any tax-
19 payer which elects (at such time and in such manner as
20 the Secretary may provide) the application of this sub-
21 section, the determination of whether any Western Hemi-
22 sphere tax paid or accrued by such taxpayer is an income,
23 war profits, or excess profits tax for purposes of any provi-
24 sion of the Internal Revenue Code of 1986 shall be made
25 without regard to any specified regulation.

1 (b) *SEPARATE ELECTION WITH RESPECT TO ALLOCA-*
2 *TION AND APPORTIONMENT OF FOREIGN INCOME TAXES*
3 *RELATING TO DISREGARDED PAYMENTS FROM CERTAIN*
4 *DISREGARDED ENTITIES.—*

5 (1) *IN GENERAL.—If the owner of any specified*
6 *disregarded entity elects (at such time and in such*
7 *manner as the Secretary may provide) the applica-*
8 *tion of this subsection with respect to such entity,*
9 *then for purposes of allocating and apportioning any*
10 *foreign income taxes (as defined in section 986(a)(4)*
11 *of the Internal Revenue Code of 1986 and determined*
12 *after the application of subsection (a) of this section)*
13 *paid or accrued by reason of any remittance made by*
14 *such entity to such owner during the applicable pe-*
15 *riod, any items of foreign gross income included by*
16 *reason of the receipt of such remittance shall be as-*
17 *signed to a category based on current and accumu-*
18 *lated earnings and profits of such entity (in lieu of*
19 *being assigned on the basis of the tax book value*
20 *method described in a specified regulation).*

21 (2) *SPECIFIED DISREGARDED ENTITY.—For pur-*
22 *poses of this subsection, the term “specified dis-*
23 *regarded entity” means any entity (including any*
24 *trade or business) if—*

1 (A) *such entity is disregarded as an entity*
2 *separate from its owner for purposes of applying*
3 *chapter 1 of the Internal Revenue Code of 1986,*

4 (B) *such entity is created or organized in a*
5 *possession of the United States or a foreign coun-*
6 *try described in subsection (d)(1)(B),*

7 (C) *at all times after December 31, 2019*
8 *(or, if later, the date on which such entity is cre-*
9 *ated or organized) substantially all of the income*
10 *of such entity is derived from trades or busi-*
11 *nesses conducted in the possession or country re-*
12 *ferred to in subparagraph (B), and*

13 (D) *at all times after the date on which*
14 *such entity is created or organized, such entity*
15 *maintains separate books and records.*

16 (c) *APPLICATION TO DEEMED PAID CREDIT.—In the*
17 *case of any tax paid or accrued by a controlled foreign cor-*
18 *poration and deemed to have been paid by a United States*
19 *shareholder under section 960 of the Internal Revenue Code*
20 *of 1986—*

21 (1) *any election under subsection (a) or (b) shall*
22 *be made by such controlled foreign corporation and*
23 *shall be binding on all United States shareholders of*
24 *such controlled foreign corporation, and*

1 (2) *the applicable period under subsection (d)*
2 *shall be determined with respect to the taxable years*
3 *of such controlled foreign corporation.*

4 (d) *WESTERN HEMISPHERE TAX.—For purposes of*
5 *this section—*

6 (1) *IN GENERAL.—The term “Western Hemi-*
7 *sphere tax” means any tax which is paid or accrued*
8 *for a taxable year which is in the applicable period*
9 *to—*

10 (A) *any possession of the United States, or*

11 (B) *any foreign country (other than Cuba*
12 *and Venezuela) which is located in North, Cen-*
13 *tral, or South America (including the West In-*
14 *dies).*

15 (2) *APPLICABLE PERIOD.—The term “applicable*
16 *period” means—*

17 (A) *in the case of any election made under*
18 *subsection (a), all taxable years beginning after*
19 *December 31, 2021, and before January 1, 2027,*
20 *and*

21 (B) *in the case of any election made under*
22 *subsection (b), all taxable years beginning after*
23 *December 31, 2019, and before January 1, 2027.*

24 (3) *DETERMINATION BASED ON TAXABLE YEAR*
25 *FOR WHICH TAX ACTUALLY PAID OR ACCRUED.—The*

1 *determination of the taxable year for which any tax*
2 *is paid or accrued for purposes of determining wheth-*
3 *er a foreign tax is paid or accrued for a taxable year*
4 *which is in the applicable period shall be made with-*
5 *out regard to any taxable year with respect to which*
6 *such tax is deemed to have been paid under section*
7 *904(c) or 960 of the Internal Revenue Code of 1986.*

8 *(e) SPECIFIED REGULATION.—For purposes of this*
9 *section, the term “specified regulation” means—*

10 *(1) Treasury Regulations relating to “Guidance*
11 *Related to the Foreign Tax Credit; Clarification of*
12 *Foreign-Derived Intangible Income” (87 Fed. Reg.*
13 *276; published on January 4, 2022),*

14 *(2) proposed Treasury Regulations relating to*
15 *“Guidance Related to the Foreign Tax Credit” (87*
16 *Fed. Reg. 71271; published on November 22, 2022),*
17 *and*

18 *(3) any regulation or other guidance published*
19 *after January 4, 2022, to the extent that such regula-*
20 *tion or other guidance is substantially similar to, or*
21 *predicated upon, any portion of the regulations re-*
22 *ferred to in paragraph (1) or (2).*

23 *In the case of any regulation or other guidance which is*
24 *published after the date of the enactment of this Act and*
25 *any portion of which is described in paragraph (3), the Sec-*

1 *retary shall identify such regulation or guidance (or por-*
 2 *tion thereof) as not applying with respect to taxpayers*
 3 *which have elected the application of subsection (a) or (b),*
 4 *as the case may be.*

5 (f) *SECRETARY.*—*For purposes of this section, the term*
 6 *“Secretary” means the Secretary of the Treasury or the Sec-*
 7 *retary’s delegate.*

8 **SEC. 203. IMPOSITION OF TAX ON THE ACQUISITION OF**
 9 **UNITED STATES AGRICULTURAL INTERESTS**
 10 **BY DISQUALIFIED PERSONS.**

11 (a) *IN GENERAL.*—*Subtitle D is amended by inserting*
 12 *after chapter 50A the following new chapter:*

13 **“CHAPTER 50B—ACQUISITION OF UNITED**
 14 **STATES AGRICULTURAL INTERESTS**
 15 **BY DISQUALIFIED PERSONS**

“Sec. 5000E. Imposition of tax on acquisition of United States agricultural in-
terests by disqualified persons.

16 **“SEC. 5000E. IMPOSITION OF TAX ON ACQUISITION OF**
 17 **UNITED STATES AGRICULTURAL INTERESTS**
 18 **BY DISQUALIFIED PERSONS.**

19 *“(a) IN GENERAL.*—*In the case of any acquisition of*
 20 *any United States agricultural interest by any disqualified*
 21 *person, there is hereby imposed on such person a tax equal*
 22 *to 60 percent of the amount paid for such interest.*

23 *“(b) DISQUALIFIED PERSON.*—*For purposes of this*
 24 *section—*

1 “(1) *IN GENERAL.*—*The term ‘disqualified per-*
2 *son’ means—*

3 “(A) *any citizen of a country of concern*
4 *(other than a citizen, or lawful permanent resi-*
5 *dent, of the United States and other than an in-*
6 *dividual domiciled in Taiwan possessing a valid*
7 *identification card or number issued by the gov-*
8 *ernment of Taiwan),*

9 “(B) *any entity domiciled in a country of*
10 *concern (other than an entity domiciled in Tai-*
11 *wan),*

12 “(C) *any country of concern and any polit-*
13 *ical subdivision, agency, or instrumentality*
14 *thereof, and*

15 “(D) *except as provided in paragraph (3),*
16 *any entity if persons described in subparagraph*
17 *(A), (B), or (C) (in the aggregate) 10-percent*
18 *control such entity.*

19 “(2) *COUNTRY OF CONCERN.*—*The term ‘country*
20 *of concern’ means any country the government of*
21 *which is engaged in a long-term pattern or serious in-*
22 *stances of conduct significantly adverse to the na-*
23 *tional security of the United States or the security*
24 *and safety of United States persons, including the*
25 *People’s Republic of China, the Russian Federation,*

1 *Iran, North Korea, Cuba, and the regime of Nicolas*
2 *Maduro in Venezuela.*

3 “(3) *EXCEPTION FOR CERTAIN PUBLICLY TRAD-*
4 *ED CORPORATIONS.—*

5 “(A) *IN GENERAL.—An entity shall not be*
6 *treated as described in paragraph (1)(D) if—*

7 “(i) *such entity is a specified publicly*
8 *traded corporation, or*

9 “(ii) *specified publicly traded corpora-*
10 *tions (in the aggregate) control such entity.*

11 “(B) *SPECIFIED PUBLICLY TRADED COR-*
12 *PORATION.—*

13 “(i) *IN GENERAL.—The term ‘specified*
14 *publicly traded corporation’ means any cor-*
15 *poration if—*

16 “(I) *the stock of such corporation*
17 *is regularly traded on an established*
18 *securities market located in the United*
19 *States, and*

20 “(II) *specified disqualified per-*
21 *sons do not (in the aggregate) control*
22 *such corporation.*

23 “(ii) *SPECIFIED DISQUALIFIED PER-*
24 *SONS.—The term ‘specified disqualified per-*
25 *sons’ means, with respect to any corpora-*

1 tion referred to in clause (i), any person
2 which—

3 “(I) is described in subparagraph
4 (A), (B), or (C) of paragraph (1), and
5 “(II) 10-percent controls such cor-
6 poration.

7 “(c) *PRORATED TAX ON ACQUISITIONS BY ENTITIES*
8 *NOT MORE THAN 50 PERCENT CONTROLLED BY DISQUALI-*
9 *FIED PERSONS.*—

10 “(1) *IN GENERAL.*—*In the case of any disquali-*
11 *fied person described in subsection (b)(1)(D) with re-*
12 *spect to which persons described in subparagraphs*
13 *(A), (B), or (C) of subsection (b)(1) do not (in the ag-*
14 *gregate) control such disqualified person, subsection*
15 *(a) shall be applied by substituting ‘the applicable*
16 *percentage of the amount’ for ‘the amount’.*

17 “(2) *APPLICABLE PERCENTAGE.*—*For purposes*
18 *of this section, the term ‘applicable percentage’ means,*
19 *with respect to any disqualified person to which*
20 *paragraph (1) applies, the highest percentage which*
21 *could be substituted for ‘50 percent’ both places it ap-*
22 *pears in section 954(d)(3) without causing persons*
23 *described in subparagraph (A), (B), or (C) of sub-*
24 *section (b)(1) (in the aggregate) to control (deter-*

1 *mined by taking into account such substitution) such*
2 *disqualified person.*

3 “(d) *CONTROL.—For purposes of this section—*

4 “(1) *IN GENERAL.—The term ‘control’ has the*
5 *meaning given such term under section 954(d)(3), de-*
6 *termined by treating the rules of section 958(a)(2) as*
7 *applying to both foreign and domestic corporations,*
8 *partnerships, trusts, and estates.*

9 “(2) *10-PERCENT CONTROL.—The term ‘10-per-*
10 *cent control’ means control (as defined in paragraph*
11 *(1)), determined by substituting ‘10 percent’ for ‘50*
12 *percent’ both places it appears in section 954(d)(3).*

13 “(e) *UNITED STATES AGRICULTURAL INTEREST.—For*
14 *purposes of this section—*

15 “(1) *IN GENERAL.—The term ‘United States ag-*
16 *ricultural interest’ has the meaning which would be*
17 *given the term ‘United States real property interest’*
18 *by section 897(c) if—*

19 “(A) *paragraph (1)(A)(i) were applied by*
20 *substituting ‘an interest in agricultural land’ for*
21 *‘an interest in real property’ and all that fol-*
22 *lows,*

23 “(B) *paragraph (1)(A)(ii) were applied by*
24 *substituting ‘such corporation was not a United*
25 *States real property holding corporation at the*

1 *time of acquisition*’ for ‘*such corporation*’ and
 2 *all that follows,*

3 “(C) *paragraph (1)(B) did not apply, and*

4 “(D) *paragraph (3) were applied by sub-*
 5 *stituting ‘at the time of acquisition’ for ‘at some*
 6 *time during the shorter of the periods described*
 7 *in paragraph (1)(A)(ii)’.*

8 “(2) *AGRICULTURAL LAND.—For purposes of*
 9 *paragraph (1), the term ‘agricultural land’ means—*

10 “(A) *agricultural land as defined in section*
 11 *9 of the Agricultural Foreign Investment Disclo-*
 12 *sure Act of 1978 (7 U.S.C. 3508), and*

13 “(B) *land located in one or more States and*
 14 *used for livestock production purposes (deter-*
 15 *mined under rules similar to the rules that*
 16 *apply under such section 9).”.*

17 (b) *REPORTING REQUIREMENTS.—*

18 (1) *IN GENERAL.—Subpart B of part III of sub-*
 19 *chapter A of chapter 61 is amended by adding at the*
 20 *end the following new section:*

21 **“SEC. 6050AA. RETURNS RELATING TO ACQUISITION OF**
 22 **UNITED STATES AGRICULTURAL INTERESTS**
 23 **BY DISQUALIFIED PERSONS.**

24 “(a) *IN GENERAL.—The required reporting person,*
 25 *with respect to any acquisition of any United States agri-*

1 *cultural interest by a presumptively disqualified person to*
2 *which section 5000E(a) applies, shall make a return at such*
3 *time as the Secretary may provide setting forth—*

4 “(1) *the name, address, and TIN of such pre-*
5 *sumptively disqualified person,*

6 “(2) *a description of such United States agricul-*
7 *tural interest (including the street address, if applica-*
8 *ble), and*

9 “(3) *the amount paid for such United States ag-*
10 *ricultural interest.*

11 “(b) *STATEMENT TO BE FURNISHED TO PRESUMP-*
12 *TIVELY DISQUALIFIED PERSON.—Every person required to*
13 *make a return under subsection (a) shall furnish, at such*
14 *time as the Secretary may provide, to each presumptively*
15 *disqualified person whose name is required to be set forth*
16 *in such return a written statement showing—*

17 “(1) *the name and address of the information*
18 *contact of the required reporting person, and*

19 “(2) *the information described in paragraphs*
20 *(1), (2), and (3) of subsection (a) which relates to*
21 *such disqualified person.*

22 “(c) *REQUIRED REPORTING PERSON.—For purposes*
23 *of this section, the term ‘required reporting person’ means,*
24 *with respect to any acquisition of any United States agri-*
25 *cultural interest—*

1 “(1) the person (including any attorney or title
2 company) responsible for closing the transaction in
3 which such United States agricultural interest is ac-
4 quired, or

5 “(2) if no one is responsible for closing such
6 transaction (or in such other cases as the Secretary
7 may provide), the transferor of such United States ag-
8 ricultural interest.

9 “(d) *PRESUMPTIVELY DISQUALIFIED PERSON.*—For
10 purposes of this section, the term ‘presumptively disquali-
11 fied person’ means any person unless such person furnishes
12 to the required reporting person an affidavit by the such
13 person stating, under penalty of perjury, that such person
14 is not a disqualified person (as defined in section
15 5000E(b)).

16 “(e) *REQUIREMENT TO REQUEST AFFIDAVIT.*—If the
17 required reporting person, with respect to any acquisition
18 of any United States agricultural interest, has not, as of
19 the time of such acquisition, been furnished the affidavit
20 described in subsection (d) by the acquirer of such interest,
21 such required reporting person shall furnish to such
22 acquirer, at such time, a written statement informing such
23 acquirer of the required reporting person’s obligation to
24 make the return described in subsection (a) with respect to

1 *such acquisition and including such other information as*
 2 *the Secretary may require.*

3 “(f) *UNITED STATES AGRICULTURAL INTEREST.*—For
 4 *purposes of this section, the term ‘United States agricul-*
 5 *tural interest’ has the meaning given such term in section*
 6 *5000E.”.*

7 (2) *PENALTIES.*—Section 6724(d) is amended—

8 (A) *in paragraph (1)(B), by striking “or”*
 9 *at the end of clause (xxvii), by striking “and” at*
 10 *the end of clause (xxviii) and inserting “or”, and*
 11 *by adding at the end the following new clause:*

12 “(xxix) *section 6050AA(a) (relating to*
 13 *returns relating to acquisition of United*
 14 *States agricultural interests by disqualified*
 15 *persons), and”, and*

16 (B) *in paragraph (2), by striking “or” at*
 17 *the end of subparagraph (KK), by striking the*
 18 *period at the end of subparagraph (LL) and in-*
 19 *serting “, or”, and by inserting after subpara-*
 20 *graph (LL) the following new subparagraph:*

21 “(MM) *subsection (b) or (e) of section*
 22 *6055AA (relating to statements relating to acqui-*
 23 *sition of United States agricultural interests by*
 24 *disqualified persons).”.*

25 (c) *CLERICAL AMENDMENTS.*—

1 (1) *The table of chapters for subtitle D is amend-*
 2 *ed by inserting after the item relating to chapter 50A*
 3 *the following new item:*

“CHAPTER 50B. ACQUISITION OF UNITED STATES AGRICULTURAL INTERESTS
 BY DISQUALIFIED PERSONS.”.

4 (2) *The table of sections for subpart B of part*
 5 *III of subchapter A of chapter 61 is amended by add-*
 6 *ing at the end the following new item:*

“Sec. 6050AA. Returns relating to acquisition of United States agricultural in-
 terests by disqualified persons.”.

7 (d) *EFFECTIVE DATE.*—*The amendments made by this*
 8 *section shall apply to acquisitions after the date of the en-*
 9 *actment of this Act.*

10 **TITLE III—REPEAL OF SPECIAL**
 11 **INTEREST TAX PROVISIONS**

12 **SEC. 301. REPEAL OF CLEAN ELECTRICITY PRODUCTION**
 13 **CREDIT.**

14 (a) *IN GENERAL.*—*Subpart D of part IV of subchapter*
 15 *A of chapter 1 is amended by striking section 45Y (and*
 16 *by striking the item relating to such section in the table*
 17 *of sections for such subpart).*

18 (b) *CONFORMING AMENDMENTS.*—

19 (1) *Section 38(b) is amended by striking para-*
 20 *graph (39) and redesignating paragraphs (40) and*
 21 *(41) as paragraphs (39) and (40), respectively.*

1 (2) *Section 6417(b) is amended by striking para-*
 2 *graph (8) and redesignating paragraphs (9) through*
 3 *(12) as paragraphs (8) through (11), respectively.*

4 (3) *Section 6418(f)(1) is amended—*

5 *(A) in subparagraph (A), by striking clause*
 6 *(vii) and by redesignating clauses (viii) through*
 7 *(xi) as clauses (vii) through (x), respectively, and*

8 *(B) in subparagraph (B), by striking “(v),*
 9 *or (vii)” and inserting “or (v)”.*

10 (c) *EFFECTIVE DATE.—The amendments made by this*
 11 *section shall take effect as if included in section 13701 of*
 12 *Public Law 117–169.*

13 **SEC. 302. REPEAL OF CLEAN ELECTRICITY INVESTMENT**
 14 **CREDIT.**

15 (a) *IN GENERAL.—Subpart E of part IV of subchapter*
 16 *A of chapter 1 is amended by striking section 48E (and*
 17 *by striking the item relating to such section in the table*
 18 *of sections for such subpart).*

19 (b) *CONFORMING AMENDMENTS.—*

20 (1) *Section 46, as amended by Public Law 117–*
 21 *169, is amended—*

22 *(A) in paragraph (5), by adding “and” at*
 23 *the end,*

24 *(B) in paragraph (6), by striking “, and”*
 25 *and inserting a period, and*

1 (C) by striking paragraph (7).

2 (2) Section 48(e)(4)(D) is amended by striking
3 “except as provided in section 48E(h)(4)(D)(ii)”.

4 (3) Section 48C(f) is amended by striking
5 “48E,”.

6 (4) Section 49(a)(1)(C), as amended by Public
7 Law 117–169, is amended—

8 (A) by adding “and” at the end of clause
9 (v),

10 (B) by striking the comma at the end of
11 clause (vi) and inserting a period, and

12 (C) by striking clauses (vii) and (viii).

13 (5) Section 50(a)(2)(E), as amended by Public
14 Law 117–169, is amended by striking “48D(b)(5), or
15 48E(e)” and inserting “or 48D(b)(5)”.

16 (6) Section 50(c)(3), as amended by Public Law
17 117–169, is amended by striking “or clean electricity
18 investment credit”.

19 (7) Section 168(e)(3)(B), as amended by Public
20 Law 117–169, is amended—

21 (A) in clause (vi)(III), by inserting “and”
22 at the end,

23 (B) in clause (vii), by striking “, and” and
24 inserting a period, and

25 (C) by striking clause (viii).

1 (8) *Section 6417(b), as amended by the pre-*
2 *ceding provisions of this Act, is amended by striking*
3 *paragraph (11).*

4 (9) *Section 6418(f)(1)(A), as amended by the*
5 *preceding provisions of this Act, is amended by strik-*
6 *ing clause (x).*

7 (c) *EFFECTIVE DATE.—The amendments made by this*
8 *section shall take effect as if included in section 13702 of*
9 *Public Law 117–169.*

10 **SEC. 303. MODIFICATION OF CLEAN VEHICLE CREDIT.**

11 (a) *PER VEHICLE DOLLAR LIMITATION.—Section*
12 *30D(b) is amended by striking paragraphs (2) and (3) and*
13 *inserting the following:*

14 “(2) *BASE AMOUNT.—The amount determined*
15 *under this paragraph is \$2,500.*

16 “(3) *BATTERY CAPACITY.—In the case of a vehi-*
17 *cle which draws propulsion energy from a battery*
18 *with not less than 5 kilowatt hours of capacity, the*
19 *amount determined under this paragraph is \$417,*
20 *plus \$417 for each kilowatt hour of capacity in excess*
21 *of 5 kilowatt hours. The amount determined under*
22 *this paragraph shall not exceed \$5,000.”.*

23 (b) *FINAL ASSEMBLY.—Section 30D(d) is amended—*

24 (1) *in paragraph (1), by striking subparagraph*
25 *(G), and*

1 (2) *by striking paragraph (5).*

2 (c) *ADDITIONAL MODIFICATIONS TO VEHICLE DEFINI-*
3 *TION.—*

4 (1) *IN GENERAL.—Section 30D(d), as amended*
5 *by subsection (b), is amended—*

6 (A) *in the heading, by striking “CLEAN”*
7 *and inserting “QUALIFIED PLUG-IN ELECTRIC*
8 *DRIVE MOTOR”,*

9 (B) *in paragraph (1)—*

10 (i) *in the matter preceding subpara-*
11 *graph (A), by striking “clean” and insert-*
12 *ing “qualified plug-in electric drive motor”,*

13 (ii) *in subparagraph (C), by striking*
14 *“qualified” before “manufacturer”,*

15 (iii) *in subparagraph (E), by adding*
16 *“and” at the end,*

17 (iv) *in subparagraph (F)—*

18 (I) *in clause (i), by striking “7”*
19 *and inserting “4”, and*

20 (II) *in clause (ii), by striking the*
21 *comma at the end and inserting a pe-*
22 *riod, and*

23 (v) *by striking subparagraph (H),*

24 (C) *in paragraph (3)—*

1 (i) *in the heading, by striking “QUALI-*
 2 *FIED MANUFACTURER” and inserting “MAN-*
 3 *UFACTURER”, and*

4 (ii) *by striking “The term ‘qualified*
 5 *manufacturer’ means” and all that follows*
 6 *through the period and inserting “The term*
 7 *‘manufacturer’ has the meaning given such*
 8 *term in regulations prescribed by the Ad-*
 9 *ministrator of the Environmental Protec-*
 10 *tion Agency for purposes of the administra-*
 11 *tion of title II of the Clean Air Act (42*
 12 *U.S.C. 7521 et seq.).”, and*

13 (D) *by striking paragraph (6).*

14 (2) *CONFORMING AMENDMENTS.—Section 30D is*
 15 *amended—*

16 (A) *in subsection (a), by striking “new*
 17 *clean vehicle” and inserting “new qualified plug-*
 18 *in electric drive motor vehicle”, and*

19 (B) *in subsection (b)(1), by striking “new*
 20 *clean vehicle” and inserting “new qualified plug-*
 21 *in electric drive motor vehicle”.*

22 (d) *CRITICAL MINERAL AND BATTERY COMPONENT*
 23 *REQUIREMENT MODIFICATIONS.—*

24 (1) *IN GENERAL.—Section 30D(e), as added by*
 25 *Public Law 117–169, is amended by striking para-*

1 *graphs (1) and (2), by redesignating paragraph (3)*
2 *as paragraph (4), and by inserting before paragraph*
3 *(4) (as so redesignated) the following new paragraphs:*

4 *“(1) CRITICAL MINERALS REQUIREMENT.—No*
5 *credit shall be allowed under this section with respect*
6 *to any vehicle unless, with respect to the battery from*
7 *which the electric motor of such vehicle draws elec-*
8 *tricity, the percentage of the value of the applicable*
9 *critical minerals (as defined in section 45X(c)(6))*
10 *contained in such battery that were—*

11 *“(A) extracted or processed—*

12 *“(i) in the United States, or*

13 *“(ii) in any country with which the*
14 *United States has a free trade agreement in*
15 *effect, or*

16 *“(B) recycled in North America,*

17 *is equal to or greater than 80 percent (as certified by*
18 *the manufacturer, in such form or manner as pre-*
19 *scribed by the Secretary). For purposes of subpara-*
20 *graph (A)(ii), the term ‘free trade agreement’ means*
21 *an international agreement approved by Congress*
22 *that eliminates duties and other restrictive regula-*
23 *tions of commerce on substantially all the trade be-*
24 *tween the United States and one or more other coun-*
25 *tries.*

1 “(2) *BATTERY COMPONENTS.*—No credit shall be
2 *allowed under this section with respect to any vehicle*
3 *unless, with respect to the battery from which the elec-*
4 *tric motor of such vehicle draws electricity, all of the*
5 *components contained in such battery were manufac-*
6 *tured or assembled in North America (as certified by*
7 *the manufacturer, in such form or manner as pre-*
8 *scribed by the Secretary).*

9 “(3) *RESTRICTION ON FOREIGN ENTITIES OF*
10 *CONCERN.*—No credit shall be allowed under this sec-
11 *tion which respect to any vehicle placed in service*
12 *after December 31, 2024, if any of the applicable crit-*
13 *ical minerals contained in the battery of such vehicle*
14 *(as described in paragraph (1)) were extracted, proc-*
15 *essed, or recycled by a foreign entity of concern (as*
16 *defined in section 40207(a)(5) of the Infrastructure*
17 *Investment and Jobs Act (42 U.S.C. 18741(a)(5))).”.*

18 (2) *CONFORMING AMENDMENT.*—Section 30D(d)
19 *is amended by striking paragraph (7).*

20 (e) *TRANSFER OF CREDIT REPEALED.*—

21 (1) *IN GENERAL.*—Section 30D is amended by
22 *striking subsection (g).*

23 (2) *CONFORMING AMENDMENTS REVERSED.*—
24 *Section 30D(f) is amended—*

1 (A) by inserting after paragraph (2) the fol-
2 lowing:

3 “(3) *PROPERTY USED BY TAX-EXEMPT ENTITY.*—In
4 *the case of a vehicle the use of which is described in para-*
5 *graph (3) or (4) of section 50(b) and which is not subject*
6 *to a lease, the person who sold such vehicle to the person*
7 *or entity using such vehicle shall be treated as the taxpayer*
8 *that placed such vehicle in service, but only if such person*
9 *clearly discloses to such person or entity in a document the*
10 *amount of any credit allowable under subsection (a) with*
11 *respect to such vehicle (determined without regard to sub-*
12 *section (c)). For purposes of subsection (c), property to*
13 *which this paragraph applies shall be treated as of a char-*
14 *acter subject to an allowance for depreciation.”, and*

15 (B) in paragraph (8), by striking “, includ-
16 ing any vehicle with respect to which the tax-
17 payer elects the application of subsection (g)”.

18 (f) *REINSTATEMENT OF LIMITATION ON NUMBER OF*
19 *VEHICLES ELIGIBLE FOR CREDIT.*—Section 30D is amend-
20 *ed by inserting after subsection (f) the following:*

21 “(g) *LIMITATION ON NUMBER OF NEW QUALIFIED*
22 *PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES ELIGIBLE*
23 *FOR CREDIT.*—

24 “(1) *IN GENERAL.*—In the case of a new quali-
25 fied plug-in electric drive motor vehicle sold during

1 *the phaseout period, only the applicable percentage of*
2 *the credit otherwise allowable under subsection (a)*
3 *shall be allowed.*

4 “(2) *PHASEOUT PERIOD.*—*For purposes of this*
5 *subsection, the phaseout period is the period begin-*
6 *ning with the second calendar quarter following the*
7 *calendar quarter which includes the first date on*
8 *which the number of new qualified plug-in electric*
9 *drive motor vehicles manufactured by the manufac-*
10 *turer of the vehicle referred to in paragraph (1) sold*
11 *for use in the United States after December 31, 2009,*
12 *is at least 200,000.*

13 “(3) *APPLICABLE PERCENTAGE.*—*For purposes*
14 *of paragraph (1), the applicable percentage is—*

15 “(A) *50 percent for the first 2 calendar*
16 *quarters of the phaseout period,*

17 “(B) *25 percent for the 3rd and 4th cal-*
18 *endar quarters of the phaseout period, and*

19 “(C) *0 percent for each calendar quarter*
20 *thereafter.*

21 “(4) *CONTROLLED GROUPS.*—*Rules similar to*
22 *the rules of section 30B(f)(4) shall apply for purposes*
23 *of this subsection.”.*

24 “(g) *TERMINATION REPEALED.*—*Section 30D is amend-*
25 *ed by striking subsection (h).*

1 (h) *ADDITIONAL CONFORMING AMENDMENTS.*—

2 (1) *The heading of section 30D is amended by*
3 *striking “CLEAN VEHICLE CREDIT” and inserting*
4 *“NEW QUALIFIED PLUG-IN ELECTRIC DRIVE*
5 *MOTOR VEHICLES”.*

6 (2) *Section 30B(h)(8) is amended by inserting “,*
7 *except that no benefit shall be recaptured if such*
8 *property ceases to be eligible for such credit by reason*
9 *of conversion to a qualified plug-in electric drive*
10 *motor vehicle”, before the period at the end.*

11 (3) *Section 38(b)(30) is amended by striking*
12 *“clean” and inserting “qualified plug-in electric drive*
13 *motor”.*

14 (4) *The table of sections for subpart B of part IV*
15 *of subchapter A of chapter 1 is amended by striking*
16 *the item relating to section 30D and inserting after*
17 *the item relating to section 30C the following item:*

“Sec. 30D. New qualified plug-in electric drive motor vehicles.”

18 (i) *GROSS UP REPEALED.*—*Section 13401 of Public*
19 *Law 117–169 is amended by striking subsection (j).*

20 (j) *EFFECTIVE DATES.*—

21 (1) *IN GENERAL.*—*Except as otherwise provided*
22 *in this subsection or subsection (k), the amendments*
23 *made by this section shall apply to vehicles placed in*
24 *service after June 9, 2023.*

1 (2) *FINAL ASSEMBLY AND MANUFACTURER LIMITATION.*—*The amendments made by subsections (b)*
2 *and (f) shall apply to vehicles sold after June 9, 2023.*
3 *Notwithstanding the preceding sentence, the phaseout*
4 *period (as defined in section 30D(g) of the Internal*
5 *Revenue Code of 1986, as amended by this section)*
6 *shall be determined by taking into account all vehicles*
7 *described in section 30D(g) of such Code (as so*
8 *amended).*

9 (3) *TRANSITION RULE.*—*Notwithstanding subsection*
10 *(j) (other than the last sentence of subsection (j)(2)), the*
11 *amendments made by this section shall not apply with re-*
12 *spect to any vehicle which is—*

13 (1) *acquired by the taxpayer pursuant to a writ-*
14 *ten binding contract that was in effect on June 9,*
15 *2023, and*

16 (2) *placed in service before June 9, 2024.*

17 (4) *COORDINATION WITH PROVISIONS WHICH HAVE*
18 *NOT TAKEN EFFECT.*—

19 (1) *TRANSFER OF CREDIT.*—*Notwithstanding*
20 *subsection (k)(4) of section 13401 of Public Law 117-*
21 *169, the amendments made by subsection (g) of such*
22 *section shall not apply.*

23 (2) *PER VEHICLE DOLLAR LIMITS AND RELATED*
24 *REQUIREMENTS.*—*Notwithstanding subsection (k)(3)*
25

1 of section 13401 of Public Law 117–169, the amend-
2 ments made by subsection (a) of such section shall not
3 apply unless the guidance referred to in such sub-
4 section (k)(3) is issued on or before June 9, 2023.

5 **SEC. 304. REPEAL OF CREDIT FOR PREVIOUSLY-OWNED**
6 **CLEAN VEHICLES.**

7 (a) *IN GENERAL.*—Subpart A of part IV of subchapter
8 A of chapter 1 is amended by striking section 25E (and
9 by striking the item relating to such section in the table
10 of sections for such subpart).

11 (b) *CONFORMING AMENDMENT.*—Section 6213(g)(2) is
12 amended—

13 (1) in subparagraph (T), by adding “and” at the
14 end,

15 (2) by striking subparagraph (U), and

16 (3) by redesignating subparagraph (V) as sub-
17 paragraph (U).

18 (c) *EFFECTIVE DATE.*—The amendments made by this
19 section shall apply to vehicles acquired after June 9, 2023.

20 (d) *TRANSITION RULE.*—Notwithstanding subsection
21 (c), the amendments made by this section shall not apply
22 with respect to any vehicle which is—

23 (1) acquired by the taxpayer pursuant to a writ-
24 ten binding contract that was in effect on June 9,
25 2023, and

1 (2) *placed in service before June 9, 2024.*

2 (e) *COORDINATION WITH PROVISIONS WHICH HAVE*
3 *NOT TAKEN EFFECT.*—*Notwithstanding subsection (c)(2) of*
4 *section 13402 of Public Law 117–169, the amendments*
5 *made by subsection (b) of such section shall not apply.*

6 **SEC. 305. REPEAL OF CREDIT FOR QUALIFIED COMMERCIAL**
7 **CLEAN VEHICLES.**

8 (a) *IN GENERAL.*—*Subpart D of part IV of subchapter*
9 *A of chapter 1 is amended by striking section 45W (and*
10 *by striking the item relating to such section in the table*
11 *of sections for such subpart).*

12 (b) *CONFORMING AMENDMENTS.*—

13 (1) *Section 38(b), as amended by the preceding*
14 *provisions of this section, is amended by striking*
15 *paragraph (37) and redesignating paragraphs (38)*
16 *through (40) as paragraphs (37) through (39), respec-*
17 *tively.*

18 (2) *Section 6213(g)(2), as amended by the pre-*
19 *ceding provisions of this Act, is amended—*

20 (A) *in subparagraph (S), by adding “and”*
21 *at the end,*

22 (B) *in subparagraph (T), by striking “,*
23 *and” and inserting a period, and*

24 (C) *by striking subparagraph (U).*

1 (3) *Section 6417(b), as amended by the pre-*
2 *ceding provisions of this Act, is amended by striking*
3 *paragraph (6) and redesignating paragraphs (7)*
4 *through (10) as paragraphs (6) through (9), respec-*
5 *tively.*

6 (c) *EFFECTIVE DATE.*—*The amendments made by this*
7 *section shall apply to vehicles acquired after June 9, 2023.*

8 (d) *TRANSITION RULE.*—*Notwithstanding subsection*
9 *(c), the amendments made by this section shall not apply*
10 *with respect to any vehicle which is—*

11 (1) *acquired by the taxpayer pursuant to a writ-*
12 *ten binding contract that was in effect on June 9,*
13 *2023, and*

14 (2) *placed in service before June 9, 2024.*

Union Calendar No. 99

118TH CONGRESS
1ST Session

H. R. 3938

[Report No. 118-127]

A BILL

To amend the Internal Revenue Code of 1986 to
encourage economic growth.

JUNE 30, 2023

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed